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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000825

SIPDIS

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STATE FOR SCA/CEN, EUR/RUS, EUR/CARC AND EEB
ENERGY FOR EKIMOFF
COMMERCE FOR HUEPER
PLEASE PASS USTDA (STEIN)

E.O. 12958: DECL: 08/09/2017

TAGS: [PREL](#) [EPET](#) [ENRG](#) [PGOV](#) [TX](#)

SUBJECT: TURKMENISTAN'S OIL AND GAS AGENCIES NOT YET READY
TO MOVE FORWARD ON USTDA COOPERATION

REF: A. ASHGABAT 810
[1](#)B. ASHGABAT 550

Classified By: Charge d'Affaires Richard E. Hoagland for reasons 1.4(B)
and (D).

[1](#)1. (SBU) SUMMARY: Deputy Minister of Oil and Gas Baramgeldy Nediroy, pinch-hitting for the Minister of Oil and Gas and other key oil sector officials who were in Kazakhstan, listened to an August 6 presentation by U.S. Trade Development Agency (USTDA) Regional Director Dan Stein and Contractor Bronek Dutkiewicz on what USTDA could do for Turkmenistan. Nediroy said that he would brief Stein's proposals upwards, and Turkmenistan would be in touch if there is interest. While Nediroy's response is not surprising, given Turkmenistan's top-down decision-making structure, the much higher-ranking Deputy Chairman of the Cabinet of Ministers/Foreign Minister, Rashit Meredov, gave a similar response later that day (Ref A). Dutkiewicz will try to follow up separately later with State Agency for Management and Use of Hydrocarbon Resources (State Agency) Executive Director Bayrammyrat Myradov, who is the official most likely to throw his support behind USTDA's proposals.Q
END SUMMARY.

TURKMENISTAN'S HYDROCARBON LEADERS UNEXPECTEDLY DECAMP

[1](#)2. (SBU) USTDA Regional Director for Europe and Eurasia Dan Stein met August 6 with Nediroy because President Berdimuhamedov had sent all senior energy officials to Kazakhstan for the week to negotiate documents for upgrading the Caspian Littoral and Central Asia Three gas pipelines agreed to during the May tripartite summit in Turkmenbashi among presidents Putin, Berdimuhamedov, and Nazarbayev.

USTDA PROPOSES A CONNECTOR PIPELINE FROM BLOC 1

[1](#)3. (C) Noting that this visit was a follow-on to SCA PDAS

Steve Mann's energy delegation in June, Stein said he was in Turkmenistan because the government has expressed interest in cooperating with USTDA. He outlined a number of USTDA assistance programs in other countries, including training, providing tools for making strategic assessments, and carrying out feasibility studies. However, he added, USTDA wants to tailor its proposals to Turkmenistan's needs, and therefore, wants feedback from petroleum-sector officials. USTDA also sees one other possible joint project -- connecting the Petronas-operated Livanov field in Turkmenistan's Bloc One to Azerbaijan's ACG and Shah-Deniz pipelines, which would transport at least a small volume of Turkmenistan gas to Europe. This last program, Stein stressed, is of particular interest to U.S. and Azeri officials since, while it is not a complete Trans-Caspian pipeline (TCP), it would be a start. Pursuing such a route would be both quicker and require less investment than a full TCP, since it could take advantage of existing infrastructure in both Turkmenistan and Azerbaijan. To pursue the connector pipeline to the ACG/Shah-Deniz line, however, USTDA would need first to carry out a feasibility study that would require Turkmenistan's cooperation.

NEDIROV: WE WILL CONSIDER THESE PROPOSALS

¶4. (SBU) Nediroy responded that President Berdimuhamedov has "not dismissed" the idea of building alternative pipelines and the Oil and Gas Ministry will respond when it has had a chance to consider the connector pipeline proposal. Nediroy said that he had listened with great interest to Stein's other proposals and would report them to his superiors. Regarding the suggestion that Dutkiewicz meet with oil

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specialists following his trips to the Doveletabad and Caspian hydrocarbon fields, Nediroy replied that the Turkmen side would consider the request.

USTDA NEEDS AN ANSWER SOON ON PROPOSED ORIENTATION VISIT

¶5. (SBU) Stein noted that the U.S. Secretary of Energy had invited a Turkmenistan hydrocarbons delegation to visit the United States. He described what the proposed September 22-29 "orientation visit" would look like, including meetings in Washington with energy sector officials and in Houston with hydrocarbon companies. He hoped that the Government of Turkmenistan would respond soon, since planning such a visit would require time. Nediroy promised to pass on this message.

¶6. COMMENT: Nediroy's response is not unexpected. In Turkmenistan, the president, rather than deputy ministers, makes all key decisions, and information is not widely disseminated. Indeed, of the four officials flanking Nediroy, it was only the two (low-level) State Agency representatives who seemed to have even a clue about the proposed energy visit or USTDA's reason for visiting Turkmenistan. Stein confirmed in subsequent meetings with representatives of foreign hydrocarbon firms that within Turkmenistan's hydrocarbon bureaucracy Myradov is someone who has both the vision to do new things and the connections necessary to help persuade the president that such new activities are a good idea. With that in mind, Embassy is seeking to arrange a meeting between Myradov and Dutkiewicz after the State Agency head returns on August 9.
HOAGLAND